



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

CONTINENTAL CASUALTY COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of Continental Casualty Company of Chicago, Illinois, and to make a full and true report to me of the examination made by them of Continental Casualty Company with a full statement of the condition and operation of the business and affairs of Continental Casualty Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Continental Casualty Company.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 19th day of July, 2000

Michael T. McRaith
Michael T. McRaith

Director



STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

AMERICAN CASUALTY COMPANY
OF READING, PENNSYLVANIA
CNA PLAZA
CHICAGO, ILLINOIS 60685

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of American Casualty Company of Reading, Pennsylvania of Reading, Pennsylvania, and to make a full and true report to me of the examination made by them of American Casualty Company of Reading, Pennsylvania with a full statement of the condition and operation of the business and affairs of American Casualty Company of Reading, Pennsylvania with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of American Casualty Company of Reading, Pennsylvania.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 19th day of July, 2010

Michael T. McRaith

Michael T. McRaith

Director





Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

NATIONAL FIRE INSURANCE COMPANY
OF HARTFORD
CNA PLAZA
CHICAGO, ILLINOIS 60685

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of National Fire Insurance Company of Hartford of Chicago, Illinois, and to make a full and true report to me of the examination made by them of National Fire Insurance Company of Hartford with a full statement of the condition and operation of the business and affairs of National Fire Insurance Company of Hartford with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of National Fire Insurance Company of Hartford.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 19th day of July, 2010

Michael T. McRaith

Michael T. McRaith

Director



STATE OF ILLINOIS



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

TRANSPORTATION INSURANCE COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of Transportation Insurance Company of Chicago, Illinois, and to make a full and true report to me of the examination made by them of Transportation Insurance Company with a full statement of the condition and operation of the business and affairs of Transportation Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Transportation Insurance Company.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 19th day of July, 2010

Michael T. McRaith

Michael T. McRaith

Director





Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

VALLEY FORGE INSURANCE COMPANY
CNA PLAZA
CHICAGO, ILLINOIS 60685

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Bernie Sullivan, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of Valley Forge Insurance Company of Chicago, Illinois, and to make a full and true report to me of the examination made by them of Valley Forge Insurance Company with a full statement of the condition and operation of the business and affairs of Valley Forge Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Valley Forge Insurance Company.

IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.

Done at the City of Springfield, this 19th day of July, 2016

Michael T. McRaith

Michael T. McRaith

Director



This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403, and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

Joseph Clennon
Staff Attorney

Continental Casualty Company
American Casualty Company of Reading, PA
National Fire Insurance Company of Hartford
Transportation Insurance Company
Valley Forge Insurance Company

MARKET CONDUCT RE-EXAMINATION REPORT

DATE OF RE-EXAMINATION: September 13, 2010, through October 22, 2010

EXAMINATION OF: Continental Casualty Company
(Domestic Stock)

American Casualty Company of Reading, PA
(Foreign Stock)

National Fire Insurance Company of Hartford
(Domestic Stock)

Transportation Insurance Company
(Domestic Stock)

Valley Forge Insurance Company
(Foreign Stock)

LOCATION: 401 East Penn St
Reading, PA 19601

PERIOD COVERED BY
RE-EXAMINATION: May 1, 2009, through April 30, 2010

EXAMINERS: Bernie Sullivan Jr. LUTCF
Examiner-in-Charge

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I. COMPLIANCE:

The Company was previously the subject of a Market Conduct Examination completed November 22, 2002, covering the period January 1, 2001, through December 31, 2001.

Based upon the findings of that examination, sixteen Orders were issued.

ORDER #1: Institute and maintain procedures whereby commercial policies in effect 60 days are cancelled for reasons outlined in Section 143.16a of the Illinois Insurance Code [215 ILCS 143.16(a)].

The company is complying with this Order.

ORDER #2: Institute and maintain procedures whereby extracts of E&S and Risk Management nonrenewals are provided as required by Section 132(2) of the Illinois Insurance Code [215 ILCS 5/132(2)].

The company is complying with this Order.

ORDER #3: Institute and maintain procedures whereby nonrenewal procedures for commercial policies are followed as outlined in Section 143.17(a) of the Illinois Insurance Code [215 ILCS 5/143.17(a)].

The company is complying with this Order.

ORDER #4 Institute and maintain procedures whereby proof of mailing is maintained and proper notice given to terminated agents as required in Section 141.02 of the Illinois Insurance Code [215 ILCS 5/141.02].

The company is not complying with this Order.

ORDER #5: Institute and maintain procedures whereby private passenger automobile policyholders are informed prior to the first renewal of available premium savings for collision and comprehensive by the purchase of a higher deductible as mandated by Section 143.25a of the Illinois Insurance Code [215 ILCS 5/143.25a].

The company no longer offers private passenger automobile policies.

ORDER #6: Institute and maintain procedures whereby private passenger automobile policies are issued with coverage's and/or limits as requested on the application.

The company no longer offers private passenger automobile policies.

ORDER #7: Institute and maintain procedures whereby homeowner policies are issued with coverage's and/or limits as requested on the application.

The company no longer offers personal homeowner policies.

ORDER #8: Institute and maintain procedures whereby miscellaneous rating errors are eliminated when issuing homeowner policies.

The company no longer offers personal homeowner policies.

ORDER #9: Institute and maintain procedures whereby applicable transfer and title fees are paid to first party claimants as required by Section 919.80(c)(3)(A)(i) of the Illinois Administrative Code (50 Ill. Adm. Code 919.80(c)(3)(A)(i)).

The company no longer offers private passenger automobile policies.

ORDER #10: Institute and maintain procedures whereby third party claimants are properly reimbursed for automobile rental as outlined in Section 919.80(d)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.80(d)(2)).

The company no longer offers private passenger automobile policies.

ORDER #11: Institute and maintain procedures to provide claim benefits to homeowner policyholders according to policy provisions.

The company no longer offers personal homeowner policies.

ORDER #12: Institute and maintain procedures whereby applicable sales tax and transfer and title fees paid to first party claimants who suffer a total loss as outlined in Section 919.80(c)(3)(A)(i) of the Illinois Administrative Code (50 Ill. Adm. Code 919.80(c)(3)(A)(i)).

The company no longer offers private passenger automobile policies.

ORDER #13: Institute and maintain procedures whereby private passenger automobile policyholders who suffer a total loss are provided delay letters as required by Section 919.80(b)(2) of the Illinois Administrative Code (50 Ill. Adm. Code 919.80(b)(2)).

The company no longer offers private passenger automobile policies.

ORDER #14: Institute and maintain procedures whereby proper documentation is contained in the claim file when arriving at a total loss settlement figure used in payment of the insured's automobile as required by Section 919.30(c) of the Illinois Administrative Code (50 Ill Adm. Code 919.30(c)).

The company no longer offers private passenger automobile policies.

ORDER #15: Institute and maintain procedures whereby the insured's deductible is returned as outlined in Section 143b of the Illinois Insurance Code [215 ILCS 5/143b].

The company is not substantially complying with this Order.

ORDER #16: Institute and maintain procedures whereby homeowner claimants are provided denial letters as outlined in Section 919.50(a)(1) of the Illinois Administrative Code (50 Ill Adm. Code 919.50(a)(1)) and as further defined in Section 919.40 of the Illinois Administrative Code (50 Ill Adm. Code 919.40).

The company no longer offers personal homeowner policies.

II. SUMMARY

1. The Company failed to provide the required 180 days advanced notice to the producer when his/her contract was being terminated.

A general trend criticism was issued in the producer terminations survey. This is also a violation of Order #4 of the Stipulation and Consent Orders issued by the Director of Insurance.

2. The Company failed to refund the pro rata deductible to the insured after recovery from the adverse party resulting in underpayments totaling \$1,500.00.

Refunds were processed during the examination. This is also a violation of Order #15 of the Stipulation and Consent Orders issued by the Director of Insurance.

III. BACKGROUND:

CONTINENTAL CASUALTY COMPANY

The Company was incorporated under the laws of the State of Illinois in 1948 under the temporary title of Concasco Casualty Insurance Company to act as the vehicle for the transfer of the corporate domicile of the Continental Casualty Company from Hammond, IN to Chicago, IL. The predecessor company was incorporated under the laws of Indiana and began business under the title Continental Assurance Company of North America in 1897. The present title was adopted on November 1, 1900.

AMERICAN CASUALTY COMPANY OF READING, PA

The Company was incorporated under the laws of the Commonwealth of Pennsylvania on July 31, 1902, and commenced business on January 1, 1903.

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD

The Company was incorporated under the laws of the State of Connecticut on June 4, 1869, and commenced business on December 1, 1871. It redomesticated to Illinois effective January 1, 2006.

TRANSPORTATION INSURANCE COMPANY

The Company was incorporated under the laws of the State of Illinois on February 11, 1938, and began operations on March 7, 1938.

VALLEY FORGE INSURANCE COMPANY

The Company was incorporated under the laws of the Commonwealth of Pennsylvania on April 28, 1944, as the American Aviation & General Insurance Company and began operations on June 8, 1944. On July 3, 1957, the current title was adopted.

V. METHODOLOGY:

The Market Conduct Examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants.

The following categories are the general areas examined:

1. Risk Selection
2. Claims

The review of these categories is accomplished through examination of individual claim files, written interrogatories and interviews with Company personnel. Each of these categories is examined for compliance with Department of Insurance rules and regulations and applicable state laws.

The report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated with the insurer, but not cited in the report if not indicative of a general trend, except to the extent that there were underpayments and/or overpayments.

The following method was used to obtain the required samples and to assure a methodical selection. Surveys were developed from Company generated Excel spreadsheets. Random statistical printout reports were generated by the examiners and presented to the Company for retrieval.

Claims were requested based on the settlement occurring within the period under examination.

All claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq.) and Part 919 (50 Ill. Adm. Code 919).

Selection of Samples

<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
Risk Selection:			
Commercial Cancellations	3	3	100.00%
Commercial Nonrenewals	25	25	100.00%
Producer Terminations	25	25	100.00%
Claims:			
First Party Paid & Median	206	80	38.83%
First Party Closed without Payment	5	5	100.00%
Third Party Paid & Median	399	80	20.05%
Third Party Closed without Payment	1	1	100.00%
Subrogation	41	41	100.00%
Total Losses	28	28	100.00%

V. FINDINGS:

A. Risk Selections:

1. Commercial Cancellations

There were no trends or areas of concern in this survey

2. Commercial Nonrenewals

Two (2) commercial nonrenewals file (8.00% of the 25 files reviewed) were criticized for the nonrenewal with the reason of the termination of the producer contract in violation of 215 ILCS 5/141.01.

3. Producer Terminations

Eight (8) producer terminations (32.00% of the 25 termination files reviewed) were criticized for failing to provide the producer with a 180 day advanced notice of termination of the contract as mandated by 215 ILCS 5/141.02(3).

A general trend criticism was issued. This is a violation of Order #4 of the Stipulation and Consent Orders issued by the Director of Insurance, State of Illinois on December 9, 2004.

B. Claims

1. First Party Paid & Median

The median payment period was 18 days distributed as follows:

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	60	75.00%
31-60	17	21.25%
61-90	3	3.75%
91-180	0	0.00%
181-365	0	0.00%
<u>Over 365</u>	<u>0</u>	<u>0.00%</u>
Total	80	100.00%

There were no criticisms in this survey

2. First Party Closed without Payment

There were no criticisms in this survey

3. Third Party Paid & Median

The median payment period with subrogation files included was 20 days. The median payment period without subrogation files included was 17 days distributed as follows. :

<u>Days</u>	<u>Number</u>	<u>Percentage</u>
0-30	52	65.00%
31-60	11	13.75%
61-90	9	11.25%
91-180	7	8.75%
181-365	0	0.00%
<u>Over 365</u>	<u>1</u>	<u>1.25%</u>
Total	80	100.00%

There were no criticisms in this survey

4. Third Party Closed without Payment

There were no criticisms in this survey

5. Subrogation

Two (2) subrogation files (4.87% of the 41 files reviewed) were criticized for failing to provide the insured with the pro-rata deductible refund as required by 215 ILCS 5/143b resulting in underpayments of \$1,500.00. This is a violation of Order #15 of the Stipulation and Consent Orders issued by the Director of Insurance, State of Illinois on December 9, 2004. Refunds were processed during the examination.

6. Total Losses

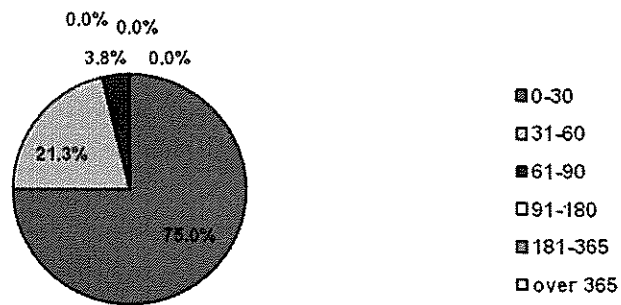
There were no criticisms in this survey

VI. TECHNICAL APPENDICES:

FIRST PARTY PAID & MEDIAN

	MEDIAN DISTRIBUTION	
No. Days Category	Number	Percent
0-30	60	75.00%
31-60	17	21.25%
61-90	3	3.75%
91-180	0	0.00%
181-365	0	0.00%
over 365	0	0.00%
Total	80	100.00%

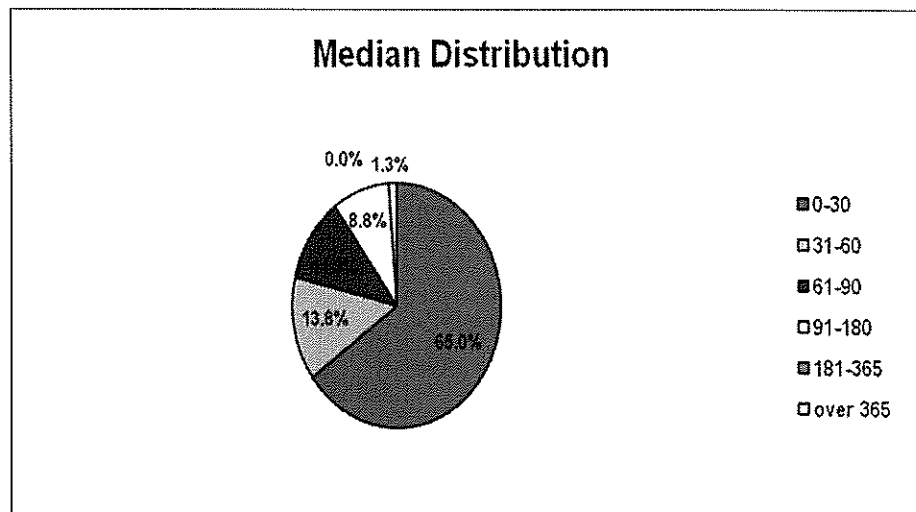
Median Distribution



VI. TECHNICAL APPENDICES continued:

THIRD PARTY PAID & MEDIAN

	MEDIAN DISTRIBUTION	
No. Days Category	Number	Percent
0-30	52	65.00%
31-60	11	13.75%
61-90	9	11.25%
91-180	7	8.75%
181-365	0	0.00%
over 365	1	1.25%
Total	80	100.00%



STATE OF ILLINOIS)
) ss
COUNTY OF COOK)

Bernie Sullivan, being first duly sworn upon his oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of:

Continental Casualty Insurance Company, NAIC # 20443

American Casualty of Reading, PA, NAIC # 20427

National Fire Insurance Company, NAIC # 21180

Transportation Insurance Company, NAIC # 20478

Valley Forge Insurance Company, NAIC# 20508

That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Companies with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Companies' business and affairs and the manner in which the Companies conduct their business;

That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Companies nor any of the Companies' affiliates other than as policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Companies pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

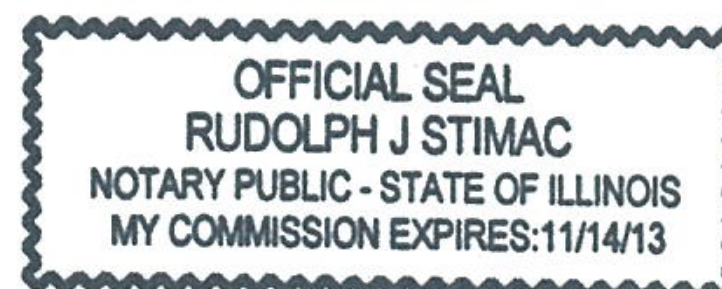
That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Companies for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Companies.


Bernie Sullivan - Examiner-In-Charge

Subscribed and sworn to before me
this 11th day of APRIL, 2013.


Notary Public





IN THE MATTER OF:

Continental Casualty Company
American Casualty Company of Reading, PA
National Fire Insurance Company of Hartford
Transportation Insurance Company
Valley Forge Insurance Company

CNA Plaza
333 S Wabash, 43s
Chicago, IL 60604

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Continental Casualty Company is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, American Casualty Company of Reading, PA is authorized under the insurance laws of this State and by the Director as a P&C Foreign Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, National Fire Insurance Company of Hartford is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Transportation Insurance Company is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Valley Forge Insurance Company is authorized under the insurance laws of this State and by the Director as a P&C Foreign Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS Continental Casualty Company, American Casualty Company of Reading, PA, National Fire Insurance Company of Hartford, Transportation Insurance Company and

Valley Forge Insurance Company are affiliates and are hereinafter collectively referred to as "the Companies", and

WHEREAS, a Market Conduct Examination of the Companies was conducted by duly qualified examiners appointed by the Director pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425); and

WHEREAS, the appointed examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Companies were not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Companies.

WHEREAS, the Companies are aware of and understand their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Companies understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Companies and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Companies and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Companies were not in compliance with provisions of the Illinois Insurance Code, and/or Department Regulations; and
2. That the Director and the Companies consent to this order requiring the Companies to take certain actions to come into compliance with provisions of the Illinois Insurance Code, and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Companies shall:

1. Institute and maintain procedures whereby proper notice is given to terminated producers as required by 215 ILCS 5/141.02.
2. Institute and maintain procedures whereby the pro-rata share of the deductible is refunded to the insured in a timely manner as required by 215 ILCS 5/143b.

The Companies shall pay to the Director a civil forfeiture of Two thousand dollars (\$2,000) within thirty days of the date of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Companies violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:
Continental Casualty Company
American Casualty Company of Reading, PA
National Fire Insurance Company of Hartford
Transportation Insurance Company
Valley Forge Insurance Company

Signature

Name

Title

Subscribed and sworn to before me this
_____ day of _____ A.D. 201 .

Notary Public

DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE _____

Andrew Boron
Director

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Continental Casualty Company
American Casualty Company of Reading, PA
National Fire Insurance Company of Hartford
Transportation Insurance Company
Valley Forge Insurance Company

CNA Plaza
333 S Wabash, 43s
Chicago, IL 60604

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Continental Casualty Company is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, American Casualty Company of Reading, PA is authorized under the insurance laws of this State and by the Director as a P&C Foreign Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, National Fire Insurance Company of Hartford is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Transportation Insurance Company is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Valley Forge Insurance Company is authorized under the insurance laws of this State and by the Director as a P&C Foreign Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS Continental Casualty Company, American Casualty Company of Reading, PA, National Fire Insurance Company of Hartford, Transportation Insurance Company and

Valley Forge Insurance Company are affiliates and are hereinafter collectively referred to as "the Companies", and

WHEREAS, a Market Conduct Examination of the Companies was conducted by duly qualified examiners appointed by the Director pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425); and

WHEREAS, the appointed examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Companies were not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Companies.

WHEREAS, the Companies are aware of and understand their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Companies understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Companies and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Companies and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Companies were not in compliance with provisions of the Illinois Insurance Code, and/or Department Regulations; and
2. That the Director and the Companies consent to this order requiring the Companies to take certain actions to come into compliance with provisions of the Illinois Insurance Code, and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Companies shall:

1. Institute and maintain procedures whereby proper notice is given to terminated producers as required by 215 ILCS 5/141.02.
2. Institute and maintain procedures whereby the pro-rata share of the deductible is refunded to the insured in a timely manner as required by 215 ILCS 5/143b.

The Companies shall pay to the Director a civil forfeiture of Two thousand dollars (\$2,000) within thirty days of the date of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Companies violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:
Continental Casualty Company
American Casualty Company of Reading, PA
National Fire Insurance Company of Hartford
Transportation Insurance Company
Valley Forge Insurance Company

Signature

Name

Title

Subscribed and sworn to before me this
____ day of _____ A.D. 201 .

Notary Public

DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE _____

Andrew Boron
Director

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Continental Casualty Company
American Casualty Company of Reading, PA
National Fire Insurance Company of Hartford
Transportation Insurance Company
Valley Forge Insurance Company

CNA Plaza
333 S Wabash, 43s
Chicago, IL 60604

STIPULATION AND CONSENT ORDER

WHEREAS, the Director (Director) of the Illinois Department of Insurance (Department) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Continental Casualty Company is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, American Casualty Company of Reading, PA is authorized under the insurance laws of this State and by the Director as a P&C Foreign Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, National Fire Insurance Company of Hartford is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Transportation Insurance Company is authorized under the insurance laws of this State and by the Director as a P&C Domestic Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, Valley Forge Insurance Company is authorized under the insurance laws of this State and by the Director as a P&C Foreign Stock insurance company, to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS Continental Casualty Company, American Casualty Company of Reading, PA, National Fire Insurance Company of Hartford, Transportation Insurance Company and

Valley Forge Insurance Company are affiliates and are hereinafter collectively referred to as "the Companies", and

WHEREAS, a Market Conduct Examination of the Companies was conducted by duly qualified examiners appointed by the Director pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425); and

WHEREAS, the appointed examiners have filed an examination report as an official document of the Department as a result of the Market Conduct Examination; and

WHEREAS, said report cited various areas in which the Companies were not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Companies.

WHEREAS, the Companies are aware of and understand their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Companies understand and agree that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Companies and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS agreed by and between the Companies and the Director as follows:

1. That the Market Conduct Examination indicated various areas in which the Companies were not in compliance with provisions of the Illinois Insurance Code, and/or Department Regulations; and
2. That the Director and the Companies consent to this order requiring the Companies to take certain actions to come into compliance with provisions of the Illinois Insurance Code, and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Companies shall:

1. Institute and maintain procedures whereby proper notice is given to terminated producers as required by 215 ILCS 5/141.02.
2. Institute and maintain procedures whereby the pro-rata share of the deductible is refunded to the insured in a timely manner as required by 215 ILCS 5/143b.

The Companies shall pay to the Director a civil forfeiture of Two thousand dollars (\$2,000) within thirty days of the date of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Companies violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:

Continental Casualty Company
American Casualty Company of Reading, PA
National Fire Insurance Company of Hartford
Transportation Insurance Company
Valley Forge Insurance Company

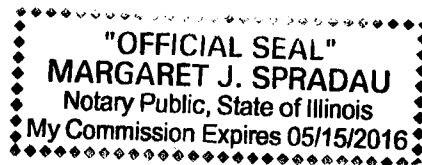
William H. Nachtsheim
Signature

William H. Nachtsheim
Name

Chief Compliance Officer
Title

Subscribed and sworn to before me this
13th day of August A.D. 2013

Margaret J. Spradau
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE August 21, 2013

Andrew Boron
Andrew Boron
Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

October 3, 2013

Mr. Thomas F. Motamed
President
CNA Plaza
333 W Wabash Avenue, 43S
Chicago, IL 60604

RE: The Market Conduct
Exam Report of:

sent via USPS certified mail
return receipt requested

Continental Casualty Company (Domestic Stock)
American Casualty Company of Reading, PA (Foreign Stock)
National Fire Insurance Company of Hartford (Domestic Stock)
Transportation Insurance Company (Domestic Stock)
Valley Forge Insurance Company (Foreign Stock)

Dear Mr. Motamed:

This is in response to your September 19, 2013 letter on this subject.

The proofs of compliance you have submitted have been reviewed and are satisfactory.

Accordingly, this Department is closing its file on this exam. I intend to ask the Director to make the Examination Report available for public inspection as authorized by 215 ILCS 5/132.

Please contact me if you have any questions. I may be reached at (217) 557-1396.

Cordially,

A handwritten signature in blue ink, appearing to read "Joe Clennon", written over a horizontal line.

Joseph T. Clennon
Department of Insurance
320 West Washington Street
Springfield, Illinois 62767-0001
(217) 557-1396 Direct Line
(217) 524-9033 Fax

Cc: John Hu